GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:2278
ANSWERED ON:14.03.2008
SMALL SAVINGS WITH POST OFFICES
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Will the Minister of FINANCE be pleased to state:

(a) whether the total amount of small savings with Post Offices has gone down;

(b) if so, the details thereof aiongwith the reasons therefor;

(c) whether the Government recently announced incentives to promote various postal saving schemes; and

(d) if so, the details thereof?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI PAWAN KUMAR BANSAL):

(a) to (d) Yes, Sir. The gross collection under Small Savings Schemes during last ten months, viz., April 2007 to January 2008 at Rs. 1,11,234 crore has declined by 22.5% compared to the corresponding period of the last financial year, at Rs. 1,43,552 crore. Small savings schemes are intended mainly to provide a safe avenue of investment for small income earners who may, have limited access to other avenues of investment.However, over a period of time, investment options available have increased both in number and variety offering a wider choice to investors for their savings. Deregulation of the interest rates relating to banks, financial institutions and debt markets have also contributed to directing the flow of savings into instruments other than small saving:, schemes of the Government which are subjected to administered interest rates. Among the recent measures to promote Small Savings Schemes, Government has increased the maximum deposit ceiling of Rs. 3.00 lakh and Rs. 6.00 lakh under the Post Office Monthly Income Account (POMIA) scheme to Rs. 4.5 lakh and Rs. 9.00 lakh in respect of single and joint accounts respectively. Bonus at the rate of 5 per cent of the deposits has also been made available in respect of the deposits macfj under Post Office Monthly Income Account (POMIA) Scheme on or after 8th December, 2007 upon maturity of the deposit. Further, the benefit of Section 80C of the Income Tax Act, 1961 has been extended to the investments made under 5-Year Post Office Time Deposits Account and Senior Citizens Savings Scheme, with effect from 1.4.2007. In addition, the small savings schemes are also promoted and popularised through print and electronic media. Seminars and meetings, providing training to the various agencies involved in mobilising collection in small savings schemes, are also organised regularly. A website of the National Savings Institute under Government of India, Ministry of Finance has also been launched to facilitate interface with the public through wider dissemination of information on small savings and on-line registration and settlement of investors grievances. The website address is www.nsiindia.gov.in.